

Cost Share/Economic Development Program Policy

PURPOSE

The purpose of the Cost Share/Economic Development Program is to build partnerships with local entities to pool efforts and resources to deliver state highway and bridge projects. The Missouri Department of Transportation (MoDOT) allocates Cost Share/Economic Development funds based on the Missouri Highways and Transportation Commission's approved funding distribution formula. At least \$5 million is set-aside for projects that demonstrate economic development through job creation. Economic development set-aside balances in excess of \$25 million are available for any Cost Share/Economic Development project. Projects are selected by the Cost Share/Economic Development Committee, which consists of the Chief Engineer, Chief Financial Officer and the Assistant Chief Engineer. They are then recommended for approval via a STIP amendment.

POLICY

1. Eligible Projects

The Cost Share/Economic Development Program provides financial assistance to public and private applicants for state highway and bridge projects satisfying a transportation need.

2. Types of Cost Share/Economic Development Projects

- **Cost Share**

MoDOT participates up to 50 percent of the total project costs on the state highway system. The amount of Cost Share/Economic Development funds allocated to a project is reduced by the estimated cost of activities performed by MoDOT such as preliminary engineering, right of way incidentals and construction inspection. In addition to providing these activities, the District is expected to provide a portion of MoDOT's 50 percent of the total project costs in the form of funds distributed to the District.

- **Economic Development**

MoDOT participates up to 100 percent of the total project costs on the state highway system, if the project creates jobs that have been verified by the Department of Economic Development. Retail development projects are not eligible. The amount of Cost Share/Economic Development funds allocated to a project is reduced by the estimated amount of activities performed by MoDOT such as preliminary engineering, right of way incidentals and construction inspection. The project agreement will identify requirements for returning funds if jobs are not created as planned. If a REMI (Regional Economic Modeling, Inc.) analysis is being considered, contact Financial Services.

3. Application Process

The applicant works with the appropriate MoDOT district contact to determine the project scope and costs. The district assists the applicant in preparing the Request for Environmental Services (RES) and the Cost Share/Economic Development application. The application is available online at <http://www.modot.mo.gov/partnershipdevelopment/application.htm>. A letter of support from the district engineer must be submitted with the application. The letter of support shall explain in detail the significance of the project and the impact it could have on the department. A letter of support from the metropolitan planning organization (MPO) or regional planning commission (RPC) is also required.

The items listed below must be submitted to Financial Services by the established deadline. Applications received after the deadline will be considered at the next Cost Share/Economic Development Committee meeting. Application deadlines are posted on the Partnership Development website at <http://www.modot.mo.gov/partnershipdevelopment/dates.htm>.

- Signed and completed application
- District Engineer's support letter
- MPO's or RPC's support letter
- Traffic models or traffic reports
- Project map

4. Review Process

Each application is reviewed for verification of the following criteria:

- The total project costs are in excess of \$200,000.
- The total project costs include preliminary engineering, right of way, utilities, construction and construction inspection.
- The applicant agrees to provide their share of the total project costs on the state highway system and full funding for any portion of the project not on the state highway system.
- Generally, the Cost Share/Economic Development funding is limited to \$20 million in total and \$5 million per year. However, projects exceeding this limit have been approved based on factors such as project need, the opportunity for economic development and the willingness of the local partners to be flexible and bring resources to the table. Applicants are encouraged to work with the district and Financial Services to explore options.
- Additional funds, such as Federal Earmarks, clearly obtained or held by the applicant are credited to their contribution. All other Federal Earmarks are applied to the total project costs.

- If debt financing is used to accelerate the project and complete it earlier than funding is available from MoDOT, the applicant must pay and not include the debt-financing costs in the total project costs. The debt-financing costs include items such as bond counsel, underwriter, financial advisor fees, application fees and interest.

After initial verification of the application, Financial Services forwards the application to the Cost Share/Economic Development Pre-approval Team.

The Pre-approval Team consists of staff from Financial Services, Transportation Planning, Traffic and Highway Safety, Design (including Right of Way staff) and Chief Counsel's Office. The team is responsible for submitting comments and a recommendation to Financial Services on or before the specified deadline. The Pre-approval Team meets with district staff to discuss the application, resolve any outstanding issues and determine the team's recommendation to the Cost Share/Economic Development Committee. The Pre-Approval Team ranks each application based on the following criteria:

- Economic Development
- Transportation Need
- Public Benefit

Financial Services prepares the Cost Share/Economic Development notebooks, which include the meeting agenda, project review sheets, project maps and team recommendations. Notebooks are distributed to the Committee members one week prior to the meeting.

5. Approval Process

The District presents the team's recommendation for each application to the Committee.

The Committee recommends, denies or requests additional information for each application. Recommended projects are included in a subsequent STIP amendment for Commission approval.

Financial Services provides a letter for the district engineer to send the applicant informing them of the Cost Share/Economic Development Committee's decision and discussion points. If additional information is needed, Financial Services will compile the requested information and provide it to the Committee.

- Project Agreement and Programming Process

The district works with the approved applicant to draft the Cost Share/Economic Development agreement, using the form RM08 found on the Chief Counsel's Office intranet page at <http://wwwi.intranet/cc/contracts.asp?f=RM&nav=modot>. Agreements include the maximum amount of approved Cost Share/Economic Development funding and the year the funding is available. The district sends the agreement to the

“Agreements” list in Lotus Notes for review. The district and applicant address all comments and make appropriate changes to the agreement. The agreement is sent to the Chief Counsel’s Office for a final review before the applicant executes the agreement.

The applicant must execute the agreement within six months after the recommendation of the Committee to prevent the funds from expiring and being allocated to another project, unless an extension is approved by the Committee.

If the project is within an MPO, the MPO amends the Transportation Improvement Program (TIP) at this time.

Once the applicant executes the agreement (six copies), the district submits the agreement to Financial Services. The district coordinates with Transportation Planning to amend the project to the STIP. Once the month is set for the project to be amended to the STIP, Financial Services sends the agreement to the Chief Counsel’s Office to sign as to form. The Chief Counsel’s Office then forwards the agreement to the Commission Secretary’s Office for approval and execution at the same time the project is amended to the STIP. The funds are contingent upon an executed agreement between the applicant and the Missouri Highways and Transportation Commission (MHTC). Financial Services forwards the fully executed agreement to the district (three copies, two to be forwarded to the applicant), Transportation Planning (one copy), Design (one copy) and retains one copy.

- Project Delivery Process

The district ensures the design, right of way and construction activities comply with the Engineering Policy Guide (EPG).

Financial Services works with Transportation Planning to determine funds utilized on projects (at bid award and/or project completion) and returns any excess funds to the Cost Share/Economic Development Program.